

SPOTLIGHT: PERFORMANCE MEASURES

The true impact of the Arizona Commerce Authority on the state's economy is unknown, largely because of the vague way in which the agency tracks its own performance.

The agency issues an annual report that touts a list of employers it assisted for the year. The reports include numbers, but lack depth in detail and explanation. Therefore, it is unclear whether the Commerce Authority had a significant role in the creation of those positions, and the employers' expansions or relocations.

In the Arizona Commerce Authority's 2012 Annual Fiscal Report, for example, the agency boasted of helping companies create "5,610 quality jobs" and make a "\$401 million capital investment" in Arizona. The agency counted jobs and investments made by retailers such as Dick's Sporting Goods and TJ Maxx among its coups, but did not explain how the Commerce Authority staff were directly involved in aiding each employer.

The agency also claimed in the report that those 5,610 jobs would have a multiplying effect, leading to the creation of 11,718 other jobs – "direct and indirect" – with a \$2.9 billion economic impact on the state over a three-year period.

Byron Schlomach, director of the Goldwater Institute's Center for Economic Prosperity, said the ACA's claims in the report are unverifiable.

"There is no way to confirm, after the fact, that the jobs that were 'indirectly created' have actually been created," Schlomach said. "We don't even really know that these companies opened locations here because of anything the ACA did or gave to them."

The ACA analysis does not balance the costs of its economic incentives, which include the loss of jobs or opportunities for non-subsidized, competing businesses.

When an agency spokeswoman was asked to provide the Commerce Authority's current performance standards, she pointed to a web link for the agency's business plan, written in 2012. The document looks like a marketing pamphlet that outlines the agency's mission and goals to create 75,000 high-wage jobs, increase average wages of all jobs it helps create, and to increase capital investment in Arizona by \$6 billion over five years.

The appendix details all of the jobs that the Arizona Commerce Authority chief executive officer, Sandra Watson, was credited with helping to create last year. The ACA board of directors in December awarded her a \$69,000 bonus for the job growth. ACA officials declined to explain the role Watson and the ACA had in creating these jobs.

Today, the jobs and estimated capital investments that the Arizona Commerce Authority claims to have facilitated are factors that the board considers when rating the CEO's performance. The agency's achievements can net the CEO an additional \$75,000 in additional bonuses at her annual performance review.

"We keep track of the companies that we've helped and all of our activity in our [content management system]," said Commerce Authority spokeswoman Nicole McTheny. She did not provide additional details when asked in an e-mail to describe the type of assistance the agency provided.